

Message Text

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AGR-20 SWF-02 AID-20 CEA-02

CIAE-00 COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01

CIEP-02 SP-03 STR-08 TRSE-00 LAB-06 SIL-01 SAM-01

OMB-01 SS-20 NSC-07 DRC-01 /158 W

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R 221113Z MAY 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 6924

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

RUDTCXMAMEMBASSY LONDON 9829

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

USMISSION OECD PARIS

LIMITED OFFICIAL USE BRUSSELS 3335

PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, OCON, EEC

SUBJECT: POSTPONMENT OF EC COUNCIL OF MINISTERS (AGRICULTURAL)
MEETING

REF: A. EC BRUSSELS 2656 B. EC BRUSSELS 3160

1. THE EC COUNCIL OF MINISTERS (AGRICULTURAL) MEETING, ORIGINALLY
SCHEDULED FOR MAY 20 (REFTELS) BUT LATER DELAYED UNTIL MAY 21 WAS
AGAIN POSTPONED TO MAY 30-31.

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2. THIS DELAY WAS AGREED TO FOLLOWING TALKS IN ROME BETWEEN EC COMMISSIONER LARDINOIS AND T ZWP HIS GOVERNMENT (RUMOR, COLOMBO, AND BISAGLIA) AND TALKS IN BONN BETWEEN LARDINOIS AND ERTL. THE DELAY IS TO GIVE THE COMMISSION TIME TO DEVELOP NEW PROPOSALS TO COPE WITH THE PROBLEMS RUSULTING FROM THE APPLICATION BY ITALY OF THE ADVANCE DEPOSIT SYSTEM TO IMPORTS OF CAP PRODUCTS.

3. APART FROM THE APPARENT ITALIAN UNWILLINGNESS TO EXEMPT CERTAIN CAP PRODUCTS (PARTICULARLY LIVESTOCK PRODUCTS) FROM THE ADVANCE DEPOSIT SCHEME, ONE OF THE MAJOR ISSUES AT STATE BETWEEN THE ITALIAN GOVERNMENT, THE EC COMMISSION AND THE OTHER MEMBER STATES IS THE SYSTEM OF MONETARY COMPENSATORY AMOUNTS.

4. MONETARY COMPENSATORY AMOUNTS PAID BY ITALY ON IMPORTS OPERATE LIKE IMPORT SUBSIDIES. MONETARY COMPENSATORY AMOUNTS PAID BY OTHER MEMBER STATES ON EXPORTS TO ITALY HAVE THE EFFECT OF EXPORT SUBSIDIES.

5. IT APPEARS THAT ITALY, WHILE RELUCTANT TO REDUCE THE LIST OF CAP PRODUCTS SUBJECT TO THE ADVANCE DEPOSIT SCHEME, WISHES TO SUSPEND PAYING THESE MONETARY COMPENSATORY AMOUNTS THUS MAKING IMPORTED PRODUCTS MORE EXPENSIVE RELATIVE TO DOMESTIC PRODUCTS. A COMMISSION PROPOSAL FOR A FURTHER DEPRECIATION OF THE LIRA RELATIVE TO THE UNIT OF ACCOUNT ALSO SEEMS ACCEPTABLE TO ITALY BECAUSE THIS MEASURE WOULD RAISE DOMESTIC SUPPORT PRICES IN ITALY, HOWEVER, MEMBER STATES WITH STRONG CURRENCIES, PARTICULARLY THE GERMANS, ARE REPORTEDLY UNWILLING TO FOREGO PAYING SUCH MONETARY COMPENSATORY AMOUNTS BECAUSE SUCH AN ACTION WOULD MAKE GERMAN PRODUCTS LESS COMPETITIVE ON THE ITALIAN MARKET.

6 . THE MORE BASIC ISSUE CREATED BY THE ITALIAN IMPORT RESTRICTIONS IS, OF COURSE, THE INCOMPATIBILITY OF THESE MEASURES WITH THE SPIRIT AND LETTER OF THE CAP; AND THE DANGER THAT OTHER MEMBER STATES MAY HAVE RECOURSE TO UNILATERAL NATIONAL COUNTERMEASURES WHICH WOULD BE ALSO CONTRARY TO THE COMMON AGRICULTURAL POLICY.
GREENWALD

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